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**Third Quarter 2023  
Earnings Report Presentation**

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November 2, 2023

# Cautionary Statements

Any statements contained in this presentation and statements that ALLETE, Inc. representatives may make orally in connection with this presentation that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE, Inc. with the Securities and Exchange Commission.

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This presentation was prepared as of November 2, 2023, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2023 outlook contained herein was provided, and is as of November 2, 2023.

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# Unique Transmission Investment Opportunities for Minnesota Power

Minnesota Power advances HVDC transmission system project to strengthen grid reliability, resiliency in Upper Midwest; Receives \$50M grant from US DOE

## HVDC Modernization

Existing 45-year-old, 465-mile HVDC line delivers renewable energy from Bison Wind Energy Center in Center, ND to customers in MN

### Modernization Project Details

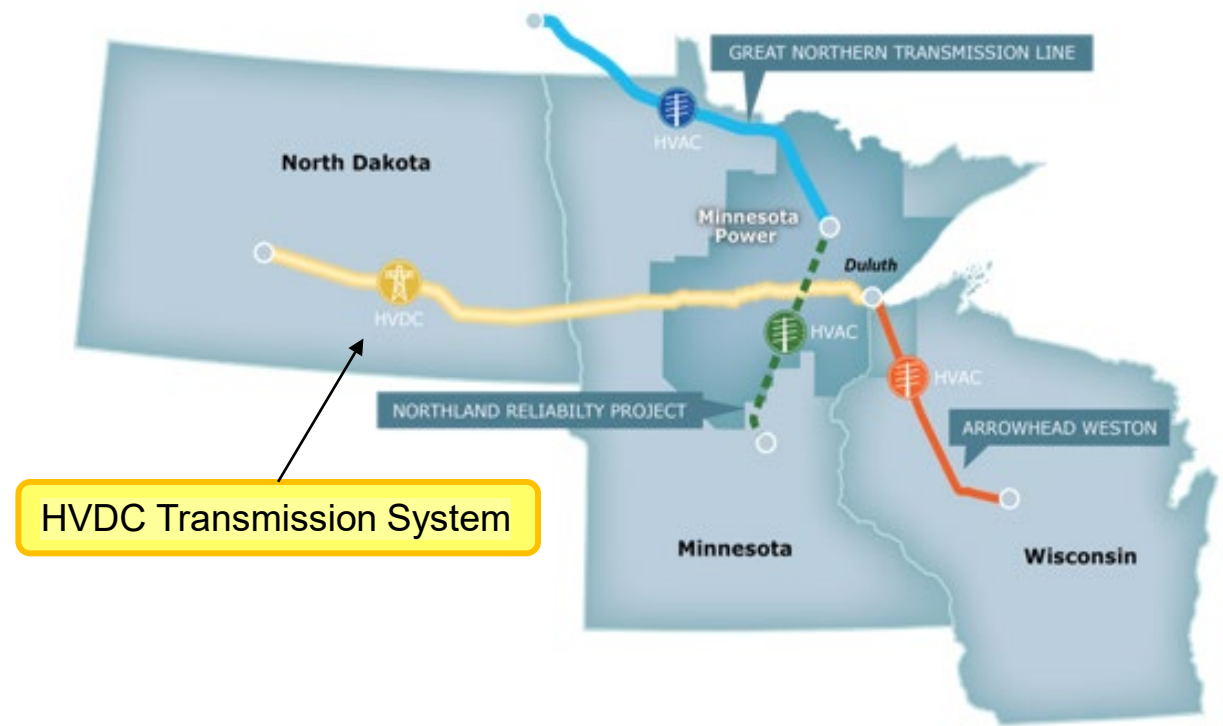
- Replace aging infrastructure and modernize terminal stations
- Will improve reliability, reduce transmission congestion, and enable bi-directional power flow capability
- Will aid in meeting Minnesota's accelerated standard to deliver carbon-free energy by 2040
- Expansion possibilities in the future (see Terminal Expansion Capability Project below)
- In-service expected between 2028 and 2030
- Estimated total project cost = **\$800M – \$900M**

### Terminal Expansion Capability Project

- Enhancement project to prepare the HVDC system for future expansion with additional design features

### Public Funding Support

- \$15M secured in Minnesota state funding to reduce customer costs
- \$50M grant award from the US Department of Energy to support expansion capability project



## Regulatory Details

- Certificate of Need and Route Permit filed with MPUC June 1, 2023
- Will also seek permits from North Dakota Public Service Commission for the North Dakota portion

# Minnesota Power filed a request with the MPUC to increase base retail electric rates

General rate case review filed November 1, 2023  
(Docket No. E015/GR-23-155)

- Interim rate request ~\$64M, total request ~\$89M, net of riders
- ROE 10.3%, 53% equity ratio
- Forward 2024 test year
- Interim rates expected to go into effect January 2024
  - Interim rates are subject to refund
- Proposed customer rate stabilization mechanism

**The request will primarily focus on seeking recovery of revenue deficiencies related to:**

Support of workforce needed to execute the clean energy transition

Inflationary and other cost pressures

Updated customer sales forecast

Align costs with proper recovery mechanisms

Constructive Regulatory Framework

- Forward test year
- Interim rates
- Current cost recovery riders
- Fuel adjustment clause
- Conservation Improvement Program (CIP)

# Expected Procedural Timeline for Minnesota Power Rate Case



# Consolidated Earnings *(millions)*

## Third Quarter 2023

	<b>2023</b>	<b>2022</b>
Regulated Operations	\$34.0	\$38.3
ALLETE Clean Energy	54.8	(7.3)
Corporate and Other	(2.9)	2.7
Net Income Attributable to ALLETE	\$85.9	\$33.7
Diluted Earnings Per Share of Common Stock	\$1.49	\$0.59

# ALLETE Earnings Per Share

## Third Quarter 2023

	<b>EPS</b>
<b>Earnings Per Share – September 30, 2022</b>	<u>\$0.59</u>
Impacts on Earnings Per Share	
Gain on arbitration award	0.71
Interest income from arbitration award	0.06
Northern Wind reserves in 2022	0.05
Retail sales – higher industrial margins at Minnesota Power	0.04
Year-over-year differences in income tax expense	0.04
Minnesota solar projects in service in 2023	0.03
Timing of interim rate reserves at Minnesota Power	(0.09)
<b>Earnings Per Share – September 30, 2023</b>	<u>\$1.49</u>

*Note: EPS reconciliation presents only major variances.*



# ALLETE Earnings Per Share

## Year-to-date Third Quarter 2023

	EPS
<b>Earnings Per Share – September 30, 2022</b>	<u>\$2.48</u>
Impacts on Earnings Per Share	
Gain on arbitration award	0.71
New Energy earnings and transactions costs (acquired in April 2022)	0.26
Retail sales – higher industrial margins at Minnesota Power	0.17
Minnesota solar projects in service in 2023	0.09
Red Barn gain on sale	0.08
Interest income from arbitration award	0.06
Northern Wind reserves in 2022	0.05
Lower wind / availability at ALLETE Clean Energy – MWh down 18%	(0.20)
Timing of interim rate reserves at Minnesota Power	(0.27)
Dilution	(0.11)
<b>Earnings Per Share – September 30, 2023</b>	<u>\$3.41</u>

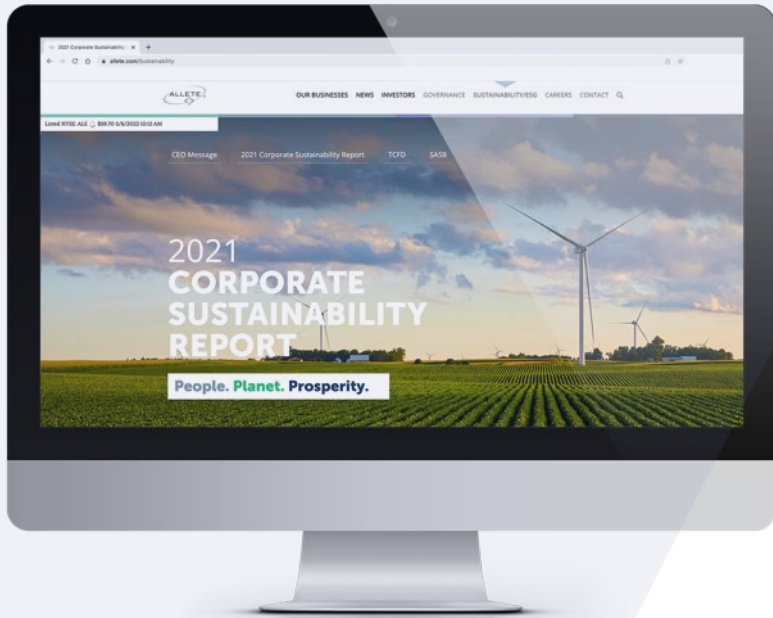
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# Updated 2023 Guidance Range





## Find ESG Information at [ALLETE.com/Sustainability](https://www.allete.com/Sustainability)

**100% Carbon-Free Energy by 2050**

[mnpower.com/CarbonFreeEnergyVision](https://mnpower.com/CarbonFreeEnergyVision)

**Environmental Stewardship  
at Minnesota Power**

[mnpower.com/Environment](https://mnpower.com/Environment)

**Serving Our Community**

[mnpower.com/Community](https://mnpower.com/Community)

